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Count on Us

Trunkline Pipeline
Proposed Abandonment Discussion
Michigan House Energy and Technology Committee

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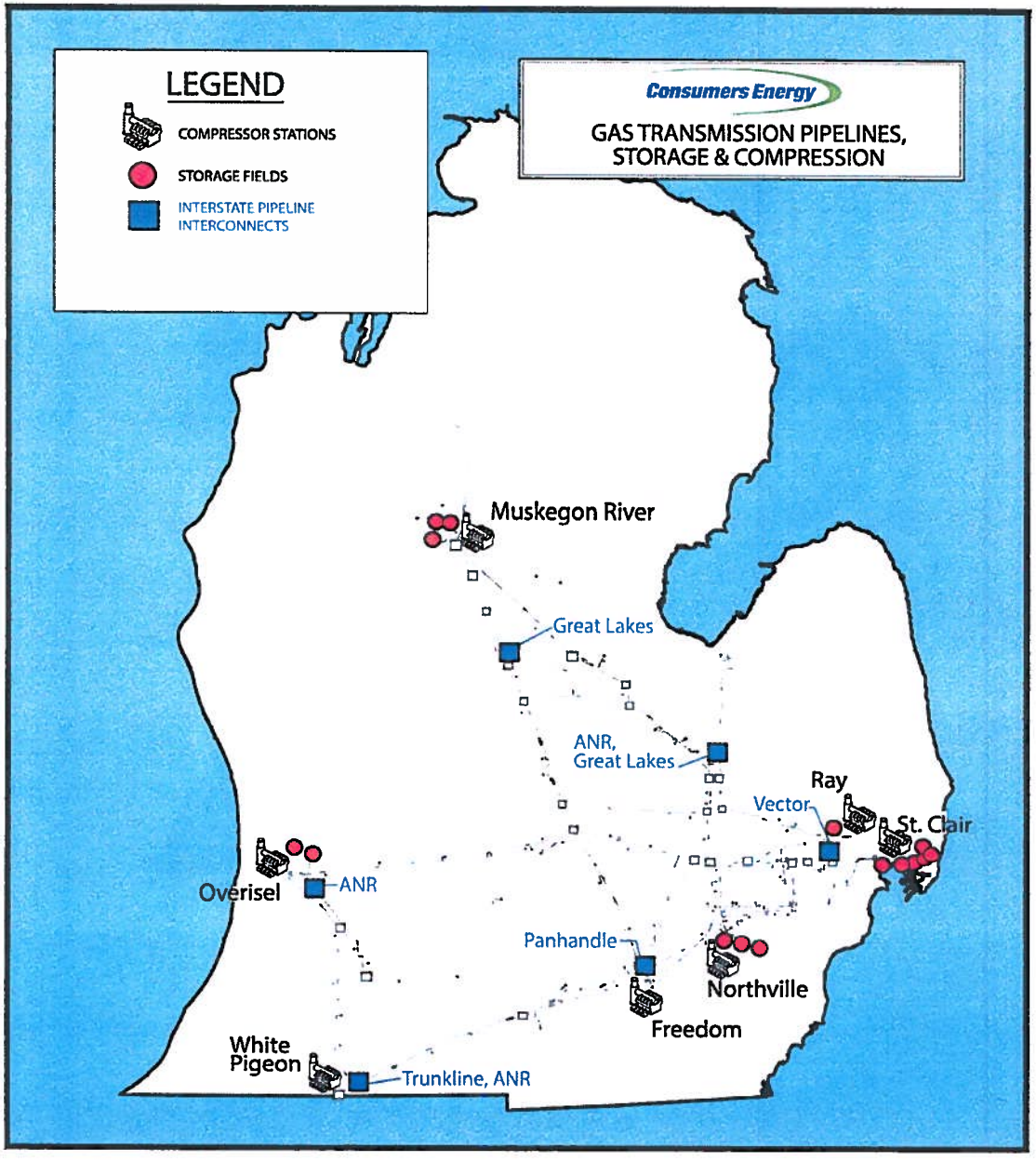
Vice President – Energy Supply Operations

November 8, 2012

Consumers Energy Gas Infrastructure



- 1.7 million natural gas customers in Michigan's Lower Peninsula
- 1,666 miles of Transmission Pipe
- 7 Compressor Stations
  - 150,635 installed horsepower
- 15 Storage Fields
  - 142 Bcf
- 26,623 miles of Distribution Main (not shown)
- 6 Interconnects with 5 Interstate Pipelines
  - Trunkline is 69% of 2011 customer deliveries

Trunkline Firm Shippers as of November 2012

Maximum Daily Quantity in Thousands of Dekatherms/day

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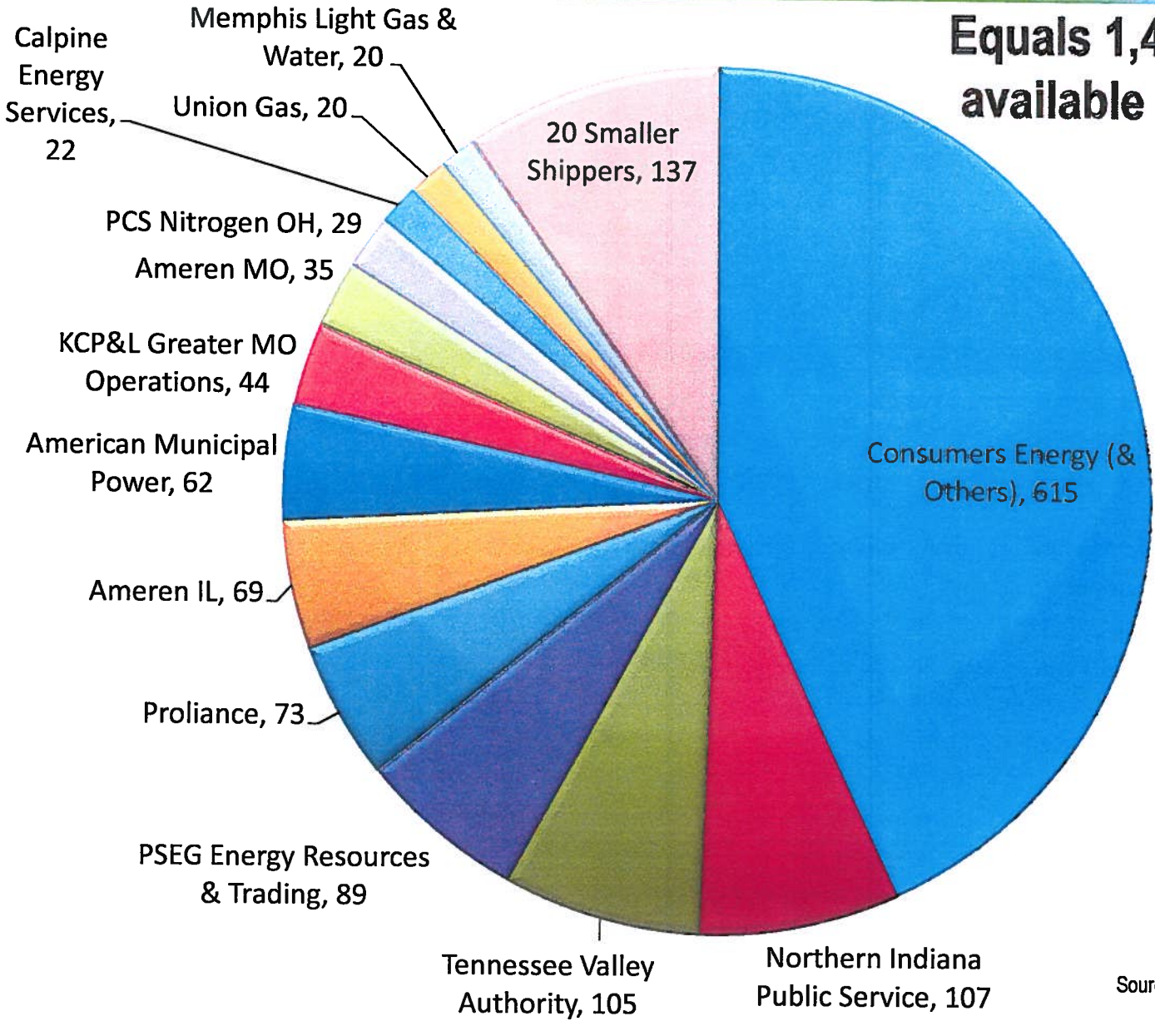
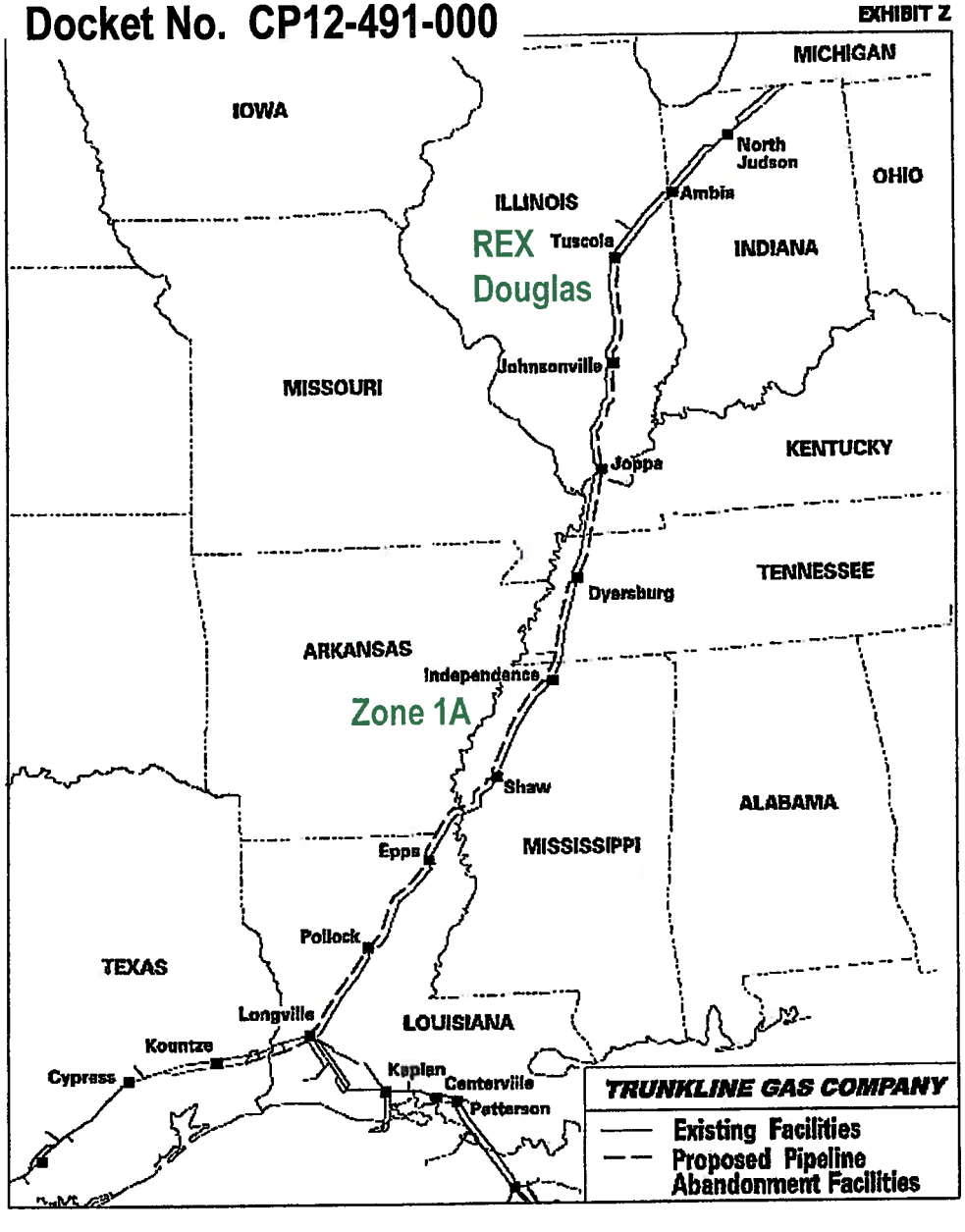
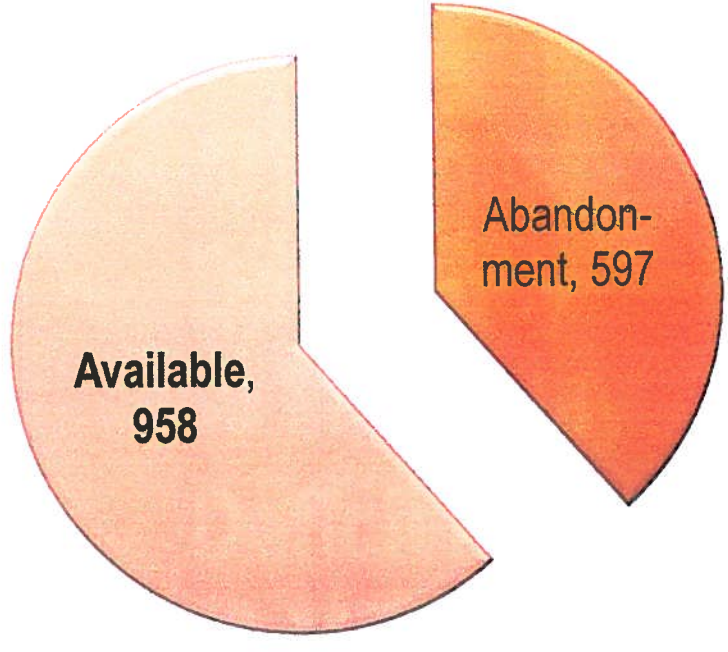


Equals 1,427 of current available capacity of 1,555

Source: Trunkline's Internet Bulletin Board

Trunkline Map of Proposed Pipeline Abandonment





Deficiency

469 MDth/day

(1,427 – 958)

Trunkline Deliveries – Michigan Energy Appraisal

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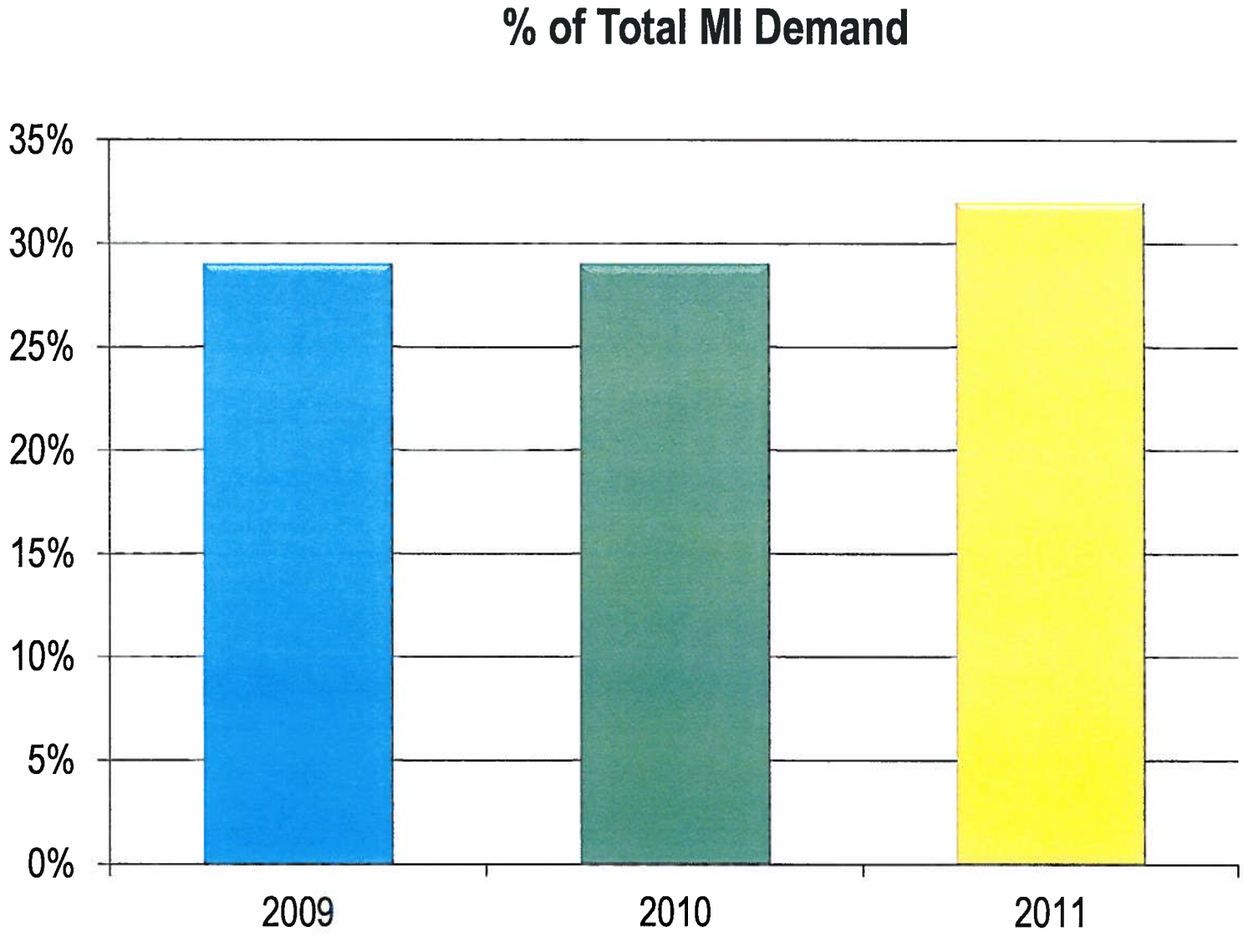

Trunkline Scheduled Deliveries to Consumers Energy Gas System

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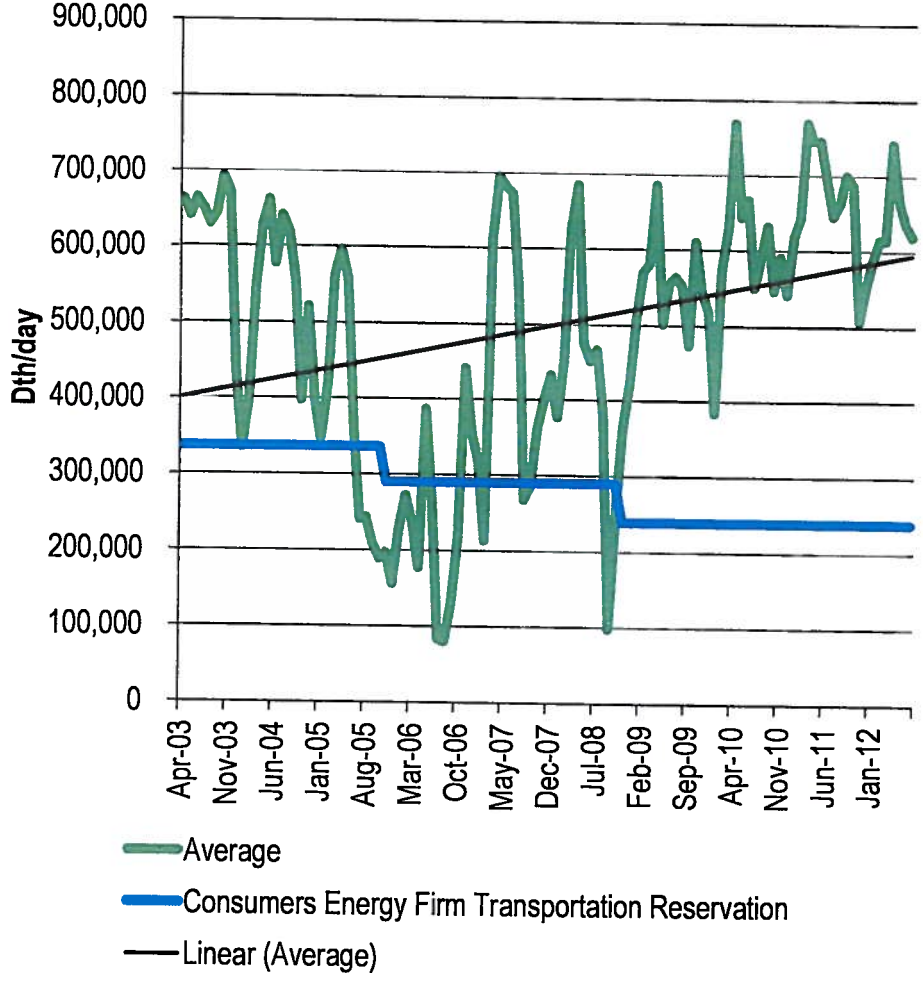
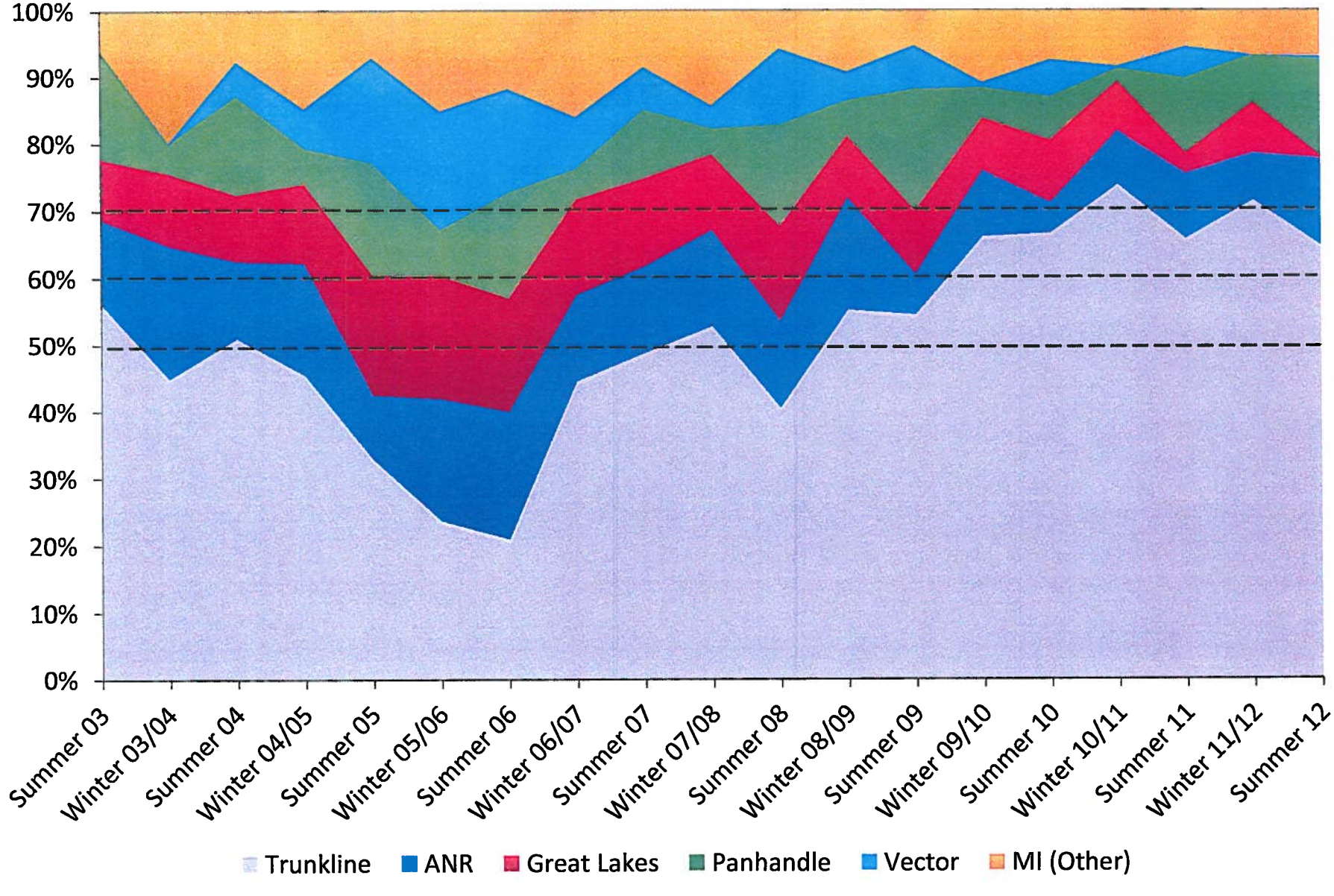
- **CE capacity reservation on Trunkline decreasing**
  - Buying more gas delivered to our system border vs buying at wellhead and then transporting on Trunkline using our capacity reservation
- **Gas Customer Choice customers use Trunkline**
- **Gas Transport customers use Trunkline**
- **Total gas deliveries to CE system from Trunkline increasing**



Consumers Energy gas customer usage of Trunkline's system increasing, not decreasing.

Percentage of Scheduled Deliveries to Consumers Energy



Electric System Impact on Gas System

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- Gas-fired generation
  - Dispatched by the Midwest Independent System Operator (MISO)
  - Can be called upon with minimal notice
  - Causes large gas demand swings
    - Pipelines and underground storage used to absorb gas demand swings
- A new 600 MW natural gas combined cycle plant represents 85,000 Dth/day of gas system load
- Concern of gas system ability to serve gas-fueled electric generator demand when coal plants are retired
- Gas generation growth requires faster gas system response
  - More responsive storage and gas transmission facilities to meet demand swings

Gas generation growth requires additional gas transmission infrastructure.

Conclusion

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- Reliability a major concern
  - From 2 pipelines to 1
  - Reduction in 15,000+ Hp in compression
- Cost a major concern
  - Significant pipeline capacity reduction to one of the most economic natural gas supply regions in the United States
- Abandonment does not complement the electric industry's trend toward natural gas fueled generators

Questions?

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